

**House Energy and Technology Committee Meeting**  
**HB 5574: Extension of the Video Franchise Assessment Expiration Date**  
November 10, 2009  
9:00 AM

**1. Brief Overview of PA 480 as it pertains to the Video Franchise Assessment**

- PA 480 of 2006 became effective on January 1, 2007
- Section 6(13) of PA 480 provides for the Video Franchise Assessment
- The assessment covers the actual costs to the MPSC for exercising its duties under the Act
- Section 6(13) does not apply after December 31, 2009

**2. Brief Overview of the Commission's Responsibility**

- Enforce and implement PA 480 of 2006
- Receives and analyzes annual reports from the providers and franchise entities
  - Competition information (Section 12)
  - Build-out/non-discrimination requirements (Section 9)
- Enforce and implement PA 4 of 2009 (Video Franchise Dispute Resolution Process)
  - Disputes between provider vs. provider, provider vs. franchise entity, provider vs. customer
  - Receives, reviews, and attempts to resolve both informal and formal disputes
  - Outside of the customer directly contacting the provider, the MPSC is the point-of-contact for all video customers throughout the entire State
    - Received approximately 900 customer complaints already this year
  - Order remedies and penalties to those who have violated the Act
- File annual status of competition reports to the Governor and Legislature by February 1 of each year (Section 12)
- Receives Attachment 2's and 3's of the Uniform Video Service Local Franchise Agreement
- Work with all parties (providers, municipalities, PEG associations, etc.) to ensure that PA 480 is implemented appropriately and all are cooperating

### 3. How the assessment is calculated

- **Number of Subscribers Served / Expected to be Served**
  - Each provider submitted the number of subscribers that they served in 2009
  - All subscriber numbers were added to give a total number of subscribers in Michigan
- **Overall Percentage of Subscribers**
  - Each provider's number of subscribers was divided by the total number of subscribers, to give their overall percentage of subscribers as compared with other providers.
- **Actual Amount**
  - Each provider's percentage was then multiplied by the appropriated amount.
- **Amount to be Paid**
  - Each provider's amount in the "Actual Amount" category was rounded to the nearest whole dollar.

### 4. How the funding is used

- All expenses associated to video franchise are billed to video franchise. An index code has been created for video franchise related expenses.
- Computers/phones/copier
- ACD phone system
- Travel and supplies
- Employee wages (as well as administrative law judges, assistant attorney generals, etc. as they relate to video franchise)
- Unanticipated costs – formal video franchise complaints may add additional costs, as all of those expenses must be allocated to video franchise, as well as informal complaints between providers and franchise entities

### 5. Questions